

---

**"K" LINE AIR SERVICE (UK) LIMITED**

---

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2003**



**INDEPENDENT AUDITORS' REPORT TO "K" LINE AIR SERVICE (UK) LIMITED**  
**Under section 247B of the Companies Act 1985**

---

We have examined the abbreviated accounts of "K" Line Air Service (UK) Limited for the year ended 31 December 2003 set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**BASIS OF AUDIT OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



**Barnes Roffe LLP**

Chartered Accountants  
Registered Auditors  
Leytonstone House  
Leytonstone  
London E11 1HR

Date: 8/4/04

**"K" LINE AIR SERVICE (UK) LIMITED**

**ABBREVIATED BALANCE SHEET**  
As at 31 December 2003

	Note	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	2	61,735	74,928
<b>CURRENT ASSETS</b>			
Debtors		1,157,188	1,009,073
Cash at bank		64,052	199,248
		<u>1,221,240</u>	<u>1,208,321</u>
<b>CREDITORS: amounts falling due within one year</b>	3	<u>(1,016,557)</u>	<u>(1,264,753)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>204,683</u>	<u>(56,432)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>266,418</u>	<u>18,496</u>
<b>CREDITORS: amounts falling due after more than one year</b>	3	<u>(200,000)</u>	<u>-</u>
<b>NET ASSETS</b>		<u><u>£ 66,418</u></u>	<u><u>£ 18,496</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	200,000	200,000
Profit and loss account		(133,582)	(181,504)
<b>SHAREHOLDERS' FUNDS</b>		<u><u>£ 66,418</u></u>	<u><u>£ 18,496</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 22/3/04 and signed on its behalf.

  
**J. Fukuoka**  
Director

The notes on pages 3 to 5 form part of these abbreviated accounts.

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 2003**

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of value added tax.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following annual bases:

Short leasehold improvements	-	Over the life of the lease
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer software	-	33% straight line

**1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

**1.5 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**1.6 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.7 Pensions**

The company makes contributions to personal pension schemes and the pension charge represents the amounts payable by the company to the schemes in respect of the year. The assets of the schemes are held separately from those of the company in independently managed funds. At the balance sheet date there were no outstanding contributions (2002 - £Nil).

---

NOTES TO THE ABBREVIATED ACCOUNTS  
For the year ended 31 December 2003

---

2. TANGIBLE FIXED ASSETS

	£
<b>Cost</b>	
At 1 January 2003	242,647
Additions	3,859
Disposals	(23,033)
	<hr/>
At 31 December 2003	223,473
	<hr/>
<b>Depreciation</b>	
At 1 January 2003	167,719
Charge for the year	14,530
On disposals	(20,511)
	<hr/>
At 31 December 2003	161,738
	<hr/>
<b>Net book value</b>	
At 31 December 2003	£ 61,735
	<hr/>
At 31 December 2002	£ 74,928
	<hr/>

---

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 2003**

---

**3. CREDITORS**

Included within trade creditors is an amount of £88,240 (2002 - £280,363) in respect of duty deferment. The Mizuho Corporate Bank Limited has provided a guarantee against this amount.

**4. SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised</b>		
800,000 Ordinary shares of £1 each	£ 800,000	£ 800,000
<b>Allotted, called up and fully paid</b>		
200,000 Ordinary shares of £1 each	£ 200,000	£ 200,000

**5. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company and controlling entity is Kawasaki Kisen Kaisha, a company incorporated in Japan. Copies of the financial statements of Kawasaki Kisen Kaisha can be obtained from Hibiya Central Building, 2-9 Nishi-Shinbasi 1-Chrome, Minato-ku, Tokyo 105, Japan.

**6. GOING CONCERN**

In the prior year the company made significant losses. The company however, made a return to profit in 2003 and the directors expect the company to continue making profits in the future. The company's parent undertaking continues to provide a guarantee for the company's bank borrowings and bank guarantee facilities and will do so for the next twelve months.